

NATIONAL BENEFIT FUNDS

PROGRAMS AND INITIATIVES CONCERNING YOUR NATIONAL PENSIONS AND HEALTH AND WELFARE PLANS

J for Jobs: Building Pension Security, Creating Union Jobs

This year marks the 30th anniversary of Union Labor Life's J for Jobs. The pooled mortgage account was created in 1977 to channel pension fund investments into union-built construction, generating exceptional returns and jobs in the process. Just as it has for the past ten years running, the portfolio celebrates its 30th year comfortably outperforming its benchmark Lehman Aggregate Bond Index,* with \$3 billion in portfolio commitments. Since its inception, J for Jobs has generated 300 million hours of union jobs, augmenting pension contributions by millions of dollars.

28 years ago, when J for Jobs was still very much a new program, the Board of Trustees of the National Roofing Industry Pension Plan (NRIPP) expressed its confidence in the program by voting unanimously to invest \$1.2 million in the account. That confidence has proven well-founded.

Today the NRIPP has nearly \$100 million invested in J for Jobs. According to International President Kinsey Robinson, it's all about superior performance and a proven track record. Dean Innerarity of ULLICO recently talked with him about the NRIPP Fund's J for Jobs investment.

Dean Innerarity: *Why J for Jobs?*

Kinsey Robinson: Well, in the beginning, back in 1979, it was based on the trustees' strong belief that the investment philosophy was good for the participants and, in a larger sense, good for the entire roofing industry. Now, it's J for Jobs' verifiable, long-term stability and proven performance that we most admire and value -- and, the collateral benefits of the union construction program. It really works for us and always has.

DI: *What makes J for Jobs the right choice in the current economic environment?*

KR: A number of things are really attractive about J for Jobs. For instance, the J for Jobs fund observes a disciplined mortgage selection process that looks for high yield spreads and maintains stringent loan prepayment restrictions. J for Jobs is simply a well-managed, solid investment, with proven reliability over the long-term and, of course, benchmark-beating performance.

In fact, we've recently done a comparison and I can tell you that over the last five years J for Jobs has returned 7.11% annually -- a full 2.14 basis points, after fees, over the Lehman. With most fixed income investments not performing well over the past several years, J for Jobs offers a viable alternative to better help funds reach their actuarial assumptions.

DI: *What other benefits does J for Jobs offer your Fund?*

KR: J gives us a good rate of return and we all agree that it's the most important thing, but the job creation component of J for Jobs is extraordinary. It's also a critically important piece and an

additional bonus for building and construction trades participants. Because of J for Jobs, roofers and waterproofers have the added benefit of knowing that their pension contributions are actually being put to work to create future jobs. To me, and to them, that's a win-win situation and good policy.

DI: *How does your fund benefit from the job creation component?*

KR: Overall, J for Jobs has created hundreds of millions of man hours of work for building tradesmen and women. Many of those hours were worked by roofers and waterproofers, predominantly in the commercial and industrial segment of the roofing industry.

A J for Jobs project in the works that comes to mind is what's being called "The Red Building", the third phase of the famous Pacific Design Center located in Los Angeles. It's an internationally high-profile project designed by architect Cesar Pelli, and will be a 400,000 square foot office building consisting of 2 towers with an open courtyard above 8 levels of enclosed parking. The project will create upwards of 3 million hours of construction work for union tradesmen and union contractors.

DI: *Are you familiar with J for Jobs' loan syndication program?*

KR: Yes, I'm very familiar with the loan syndication program and it's another thing that we find both intriguing and attractive about J for Jobs. The program basically delivers more "bang for the buck" by leveraging participation on projects with other financial institutions, minimizing risk and creating more union jobs.

DI: *Are your members supportive of the investment?*

KR: Absolutely. Our members recognize that economically targeted investments are good logic. That is why they wholeheartedly approve of the NRIPP's nearly \$100 million investment in J for Jobs. In addition, six of our local union pension funds now invest in J for Jobs as well, and my hope is that more of our regional and local funds will follow that example.

I worked in the field for many years, and I can tell you from experience that safe, sound and performing investments are what members want to see. And the creation of good union construction jobs - that's an added bonus!

DI: *What would you say to a fund looking for a solid real estate investment of this type?*

KR: I would say, "look no further." Really, I just don't see a better mortgage investment option for our pension fund portfolio than J for Jobs and I don't think that there is anything else quite like it. I know it's been great for us. ■

*The Lehman Brothers U.S. Aggregate Bond Index is the most commonly recognized performance benchmark used by institutional investors for fixed-income investments, including commercial mortgages. The investment characteristics of the assets of the "J" Separate Account differ substantially from those of the assets composing the Lehman Brothers U.S. Aggregate Bond Index. However, ULLICO has received an opinion from an independent expert that the Lehman Brothers U.S. Aggregate Bond Index is the appropriate performance benchmark for the "J" Separate Account.